

**MINUTES OF THE
JOINT CAPITAL FACILITIES & ADMINISTRATIVE SERVICES
APPROPRIATIONS SUBCOMMITTEE
WEDNESDAY, FEBRUARY 11, 2:00 P.M.
Room 403, State Capitol Building**

Members Present: Sen. Beverly Evans, Committee Co-Chair
Rep. Loraine T. Pace, Committee Co-Chair
Sen. Greg Bell
Sen. Mike Dmitrich
Rep. Roger Barrus
Rep. Ralph Becker
Rep. DeMar “Bud” Bowman
Rep. D. Gregg Buxton
Rep. David Clark
Rep. Stephen Clark
Rep. Wayne Harper
Rep. Brent H. Goodfellow

Staff Present: Kevin Walthers, Fiscal Analyst
Bonnie Brinton, Committee Secretary

Public Speakers Present: Executive Director Camille Anthony, DAS
Acting Director David Fletcher, ITS
Assistant Director Lynn Vellinga, Finance, DAS
Director Patricia Smith-Mansfield, Archives
Director Rosemarie Carter, Department of Workforce Services
Facilities Coordinator Gary Adams, Department of Workforce Services
Deputy Director Sherm Hoskins, Department of Natural Resources
Manager, Dennis Kellen, Operations, Department of Alcoholic Beverage Control
Director Leonard Langford, Finance, Department of Alcoholic Beverage Control
Commissioner Richard Kendell, Utah State Board of Regents
Executive Director Chalmers Gail Norris, UHEAA
Vice President Ron Godfrey, Utah State University
Associate Vice President Kevin Womack, Utah State University
Associate Vice President Mike Perez, University of Utah
Director John W. Huish, Campus Design and Construction, University of Utah
Dr. Ronald Pugmire, Research, University of Utah
Campus President Mike Bouwhuis, Davis Applied Technology College

Campus President Miles Nelson, Southeast Applied Technology
College, Blanding
Campus President Robert Brems, Mountainland Applied
Technology College
Executive Director Keith Stepan, DFCM
Deputy Director Ken Nye, DFCM

A list of visitors and a copy of handouts are filed with the committee minutes.

Co-Chair Evans called the meeting to order at 2:12 p.m.

1. Final Budget Approvals
Intent Language

a) Administrative Services - Executive Director

Kevin Walthers, Fiscal Analyst, explained the Compromise which would not remove \$121,900 from the Base Budget and not to remove an FTE.

MOTION: Rep. Becker moved to approve the budget for Administrative Services - Executive Director in the amount of \$859,700 with 8 FTEs.

The motion passed unanimously with Reps. S. Clark and Goodfellow absent at the time of voting.

b) Administrative Services - Purchasing

MOTION: Rep. Bowman moved to approve the budget for Administrative Services - Purchasing in the amount of \$1,377,900 with 22 FTEs.

The motion passed unanimously with Rep. S. Clark absent at the time of voting.

c) Administrative Services - State Archives

Mr. Walthers stated that the Compromise includes \$94,800 from an ITS fee that was reduced.

MOTION: Rep. D. Clark moved to approve the budget for Administrative Services - State Archives in the amount of \$2,014,800 with 28 FTEs.

The motion passed unanimously.

d) Administrative Services - Automated Geographic Reference Center

MOTION: Sen. Bell moved to approve the budget for Administrative Services - Automated Geographic Reference Center in the amount of \$1,373,000 with 13 FTEs. In addition Sen. Bell moved to approve the Supplemental (FY 2004) funding for Reimbursable Projects for Utah Attorney General: Dedicated Credits in the amount of \$148,000 and Federal Grants: Federal Funds in the amount of \$474,000.

The motion passed unanimously.

e) Administrative Services - Finance Administration

MOTION: Sen Dmitrich moved to approve the budget for Administrative Services - Finance Administration in the amount of \$10,491,100 with 81 FTEs. Sen. Dmitrich also moved to approve the following Intent Language:

It is the intent of the Legislature that funds for the Division of Finance that do not lapse are to be used for maintenance, operation, and development of statewide accounting systems.

It is the intent of the Legislature that the Department of Administrative Services develop and implement a mileage reimbursement program that requires agencies to reimburse employees for personal vehicle use at a rate equal to, or less than, the per mile cost of a mid-size sedan operated by the Division of Fleet Operations. It is also the intent of the Legislature that these rules be applied to legislative Staff, the Judicial Branch and to the Utah System of Higher Education. The rule should make exception for instances where a State fleet vehicle is not available to the employee, for mileage reimbursements for Elected Officials of the State and members of Boards and Commissions who do not have access to the State fleet for use in their official duties.

The motion passed unanimously.

f) Administrative Services - Finance Administration, Supplemental (FY 2004)

MOTION: Rep. Goodfellow moved to approve the Administrative Services - Finance Administration Supplemental (FY 2004) funding for FINET Upgrade (from Risk

Management Retained Earnings) General Fund (One-time) in the amount of \$3,000,000.

The motion passed unanimously.

Sen. Bell requested information regarding the LeRay McAllister Critical Land Fund. Mr. Walthers stated that the Fund started at \$2.5 million and is presently at \$482,600.

MOTION: Sen. Bell moved to approve taking \$300,000 out of Risk Management and transfer it to the LeRay McAllister Critical Land Fund.

SUBSTITUTE MOTION: Rep. D. Clark moved to hold \$300,000 out of Risk Management in reserve until the Subcommittee has a complete list of priorities for funding.

The substitute motion passed unanimously.

g) Administrative Services - Finance - Mandated

MOTION: Co-Chair Pace moved to approve the following Intent Language:

It is the intent of the Legislature that funds for the LeRay McAllister Critical Land Fund shall not lapse.

The motion passed unanimously.

h) Administrative Services - Judicial Conduct Commission

MOTION: Rep. Bowman moved to approve the following Intent Language:

It is the intent of the Legislature that funds for the Judicial Conduct Commission shall not lapse and that those funds shall be used to hire temporary contractors on an as-needed basis.

The motion passed unanimously.

i) Administrative Services - Post Conviction Indigent Defense

MOTION: Rep. Buxton moved to approve the following Intent Language:

It is the intent of the Legislature that funds for the Post Conviction

Indigent Defense Fund shall not lapse.

The motion passed unanimously.

j) Capitol Preservation Board

MOTION: Rep. Becker moved to approve the following Intent Language:

It is the intent of the Legislature that funds for the Capitol Preservation Board shall not lapse and that those funds shall be used for the design and construction costs associated with Capitol restoration.

The motion passed unanimously.

k) ISF - Administrative Services - ISF - Office of State Debt Collection

Co-Chair Pace recommended the Analyst discuss this Intent Language with DAS.

l) ISF - Administrative Services - ISF - Information Technology Services

MOTION: Rep. D. Clark moved to accept the following Intent Language:

The Legislature intends that \$1,078,000 in carry-forward capital outlay authority granted by intent language to the Division of Information Technology Services in Item 59, House Bill 1, 2003 General Session, is hereby rescinded. It intends that remaining nonlapsing authority be used for the following projects: \$250,000 for a Voice Over Internet Protocol pilot project; \$500,000 for a Communications Upgrade to Richfield.

The Legislature intends that all but \$1,261,300 in unexercised Capital Outlay Authority granted for FY 2004 shall lapse on June 30, 2004. The Legislature further intends that \$1,261,300 in authority that does not lapse shall be used for the following: Better Billing, \$125,000; Netcool Hardware and Software, \$163,800; Shark Alternatives, \$200,000; Backup Infrastructure, \$50,000; Authentication Software, \$100,000; Microwave Site Improvements, \$247,100; PBX and Key Systems, \$375,500.

The motion passed unanimously.

m) Debt Service - Debt Service

MOTION: Rep. S. Clark moved to approve the Supplemental (FY 2004) Action: Debt Service - General Fund (One-time) funding of \$1,530,600 and CHF (One-time) funding of \$4,017,500.

The motion passed unanimously.

Lynn Vellinga, Assistant Director, Finance, DAS, responded to questions from Subcommittee members.

n) Additional intent recommendation: for all ISF agencies other than ITS:

MOTION: Rep. D. Clark moved to approve the following Intent Language:

It is the intent of the Legislature that all Internal Service Funds except ITS shall lapse all capital outlay authority on June 30, 2004.

The motion passed unanimously.

o) Department of Administrative Services

Mr. Walthers discussed each of the five items of Intent Language proposed by DAS and stated that he recommended all five.

Ms. Anthony clarified the Intent Language.

MOTION: Rep. Harper moved to accept the following Intent Language:

1. Supplemental for FY04: It is the intent of the Legislature that funds for State Purchasing shall not lapse and that those funds shall be used for electronic commerce.

2. It is the intent of the Legislature that funds for State Archives shall not lapse and that those funds shall be used to digitize and microfilm documents generated by former Utah Governors for preservation and access.

Patricia Smith-Mansfield, Chair, Archives, responded to questions from Subcommittee members. She explained that the Division is beginning a new test process of digitizing and microfilming documents.

3. It is the intent of the Legislature that funds for Administrative Rules shall not lapse and that those funds shall be used to fund a FTE or contract position on a temporary basis.

4. Supplemental for FY 2004: It is the intent of the Legislature that funds for Administrative Rules shall not lapse and that those funds shall be used to fund a FTE or contract position on a temporary basis.

5. It is the intent of the Legislature that Information Technology Services be allowed to add FTEs beyond the authorized level if it represents a benefit to the State and a decrease of FTEs in the user agency. The total FTEs within state government shall not change with this shift of FTEs. Prior to transferring FTEs to the Internal Service Fund, the Department of Administrative Services shall report to the Executive Appropriations Committee decreased personal service expenditures in the originating agency and corresponding increased Internal Service Fund charges that will result from the transfer.

The motion passed unanimously with Rep. Barrus absent at the time of voting.

p) ISF - Administrative Services - ISF - Information Technology Services

MOTION: Rep. Bowman moved to approve the ISF - Administrative Services - ISF - Information Technology Services budget in the amount of \$47,672,800 with 241 FTEs.

The motion passed unanimously with Rep. Barrus absent at the time of voting.

Sen. Bell commended the Chairs for arriving at agreeable compromises with DAS.

Mr. Walthers referred to the section on fees and noted a change on page 11. He stated that it was a calculation of the rate rather than a detail list of all the possible rates for various types of vehicles.

2. Non-State Funded Projects

The Analyst recommended that the Subcommittee approve these projects, and he will work with those involved to come up with Intent Language that would resolve issues with the projects. He referred to the table on pp.19-20, Tab 21. The table shows projects recommended for funding from sources other than State funds. Additions to this table

include projects from the National Guard, UCAT and two from Utah State University. Mr. Walthers stated that he is concerned that current facilities carry maintenance backlogs as the State continues to accept donated buildings or approve fee-driven projects. He also stated that he recognizes that many donated or fee-driven projects provide extraordinary value to the State.

Mr. Walthers explained that as facilities come online they carry an impact for routine operation and maintenance. The Chairs of the Capital Facilities and Administrative Service Subcommittee now communicate with chairs of operational committees that will be affected by future O&M requests.

a) Department of Workforce Services - Logan Employment Center

Director Rosemarie Carter provided background on the project. She stated that in the past this Department had five agencies in 104 buildings statewide. They have consolidated and now have only 51 buildings statewide. This project would construct a new owned office building to replace the two facilities currently occupied by Workforce Services in Logan.

Gary Adams, Facilities Coordinator, presented the specifics on the Logan Center. He stated that the preference of Workforce Services and the recommendation of the Building Board is to incorporate this space need into the Logan Regional Center that is included in the Building Board's priority list. The regional center would replace this request.

Mr. Adams further stated that if the regional center project is not approved in the 2004 session, the Building Board recommends that this request be authorized to enable Workforce Services to construct a new building before its lease expires in June 2006.

Mr. Walthers stated that the Regional Center needs Workforce Services in the building in order to make it a viable project for other state agencies, and either way the federal government would have some ownership in the building.

b) Department of Natural Resources - Carbon County Facility

Mr. Walthers explained that two years ago the Legislature approved a lease-purchase of a new facility in Carbon County for the Department of Natural Resources. The project assumed financing by Carbon County which never materialized. In the meantime the Department agreed to a three-year extension on current lease space that precludes seeking funding for a new building until the 2005 or 2006 Legislature.

The Analyst stated that at this point the Department has enough funds available from Lifetime License Fees that it could "loan" the money to itself and pay back the fund over time. Although the Department does not expect to request approval of the new facility for one or two years, he believes that the Department should begin the process of acquiring land for the new facility.

Sherm Hoskins, Deputy Director, stated that the Analyst had summarized the information very well. He reported that there had been a 25% increase in rent rates and that these rates are continually getting higher.

c) Department of Alcoholic Beverage Control

Dennis Kellen, Manager, Operations, introduced the following five projects: Mount Olympus Liquor Store Replacement, Park City Liquor Store, North Ogden Liquor Store Replacement, Ogden Liquor Store Replacement, Provo Liquor Store Expansion.

Leonard Langford, Director, Finance, reported the profit in the Department. There has been a 6% increase in sales volume and a 3 1/2% increase in bottle sales.

Co-Chair Evans suggested they increase the inventory at the Park City Store at Christmastime.

Rep. Becker asked about the 1% for the arts. Mr. Walthers and Co-Chair Evans explained that liquor stores, warehouses and UDOT are exempt from this funding requirement.

d) USHE - State Board of Regents Office Purchase

Commissioner Richard Kendell presented opening comments and referred to the Issue Brief outlining the request, purpose and rationale of the project. He concluded his remarks by stating that the UHEAA provides operating revenue to cover the full costs of the purchase agreement. No State funds are required.

C. Gail Norris, Executive Director, responded to questions from Subcommittee members.

Co-Chair Evans commended USHE for their service to students and the public.

Rep. Barrus questioned the cost of the space being leased. The Commissioner and Mr. Norris explained the reasons for choosing the Gateway condo as their office: central location, need to have all employees together in one place and good access for employees

and the public.

e) Utah State University

Ron Godfrey, Vice President, and Kevin Womack, Associate Vice President, Business and Finance, presented the projects.

1. Romney Stadium Life Safety, Sanitation and Code Renovation Project

Total project cost: \$7,750,000

2. Romney Stadium Turf Replacement

Total project cost: \$750,000

3. Nelson Field House Aerobic Facilities Expansion

Total project cost: \$500,000

The above three projects will be funded through the proceeds of a parity bond, which is essentially a "refinancing" of the stadium/spectrum bond. This bond will be retired through already existing student fees. No State O&M dollars are being requested for any of these projects.

4. Stadium Team Building

Anticipated cost: \$10,000,000

5. Recital Hall

Donation: \$8,500,000

6. Chiller for the Central Energy Plant

Total request: \$200,000

7. Living/Learning Community & Parking Terrace

Request for authorization to issue revenue bonds

Total Estimated Cost: \$35,500,000

8. Child Care Facility

Funding through federal grants and private donations
Total estimated cost: \$2,000,000

f) University of Utah

John Huish, Director, Campus Design and Construction, responded to questions from Subcommittee members. Dr. Ron Pugmire was introduced. Mike Perez, Associate Vice President, introduced three projects:

1. Department of Chemistry Gauss Haus

Funding by federal grants and University research
Total estimated cost: \$7,600,000
Requesting teaching O&M cost: \$188,400

2. College of Health Academic Facility

Funding by donations and other non-state funds
Total estimated cost: \$15,000,000
Requesting permission for design and O&M cost: \$316,800

A handout was distributed showing a site map and development concepts.

3. Geology & Geophysics Building & Parking Terrace

Funding anticipated through private donations
Total estimated cost: \$21,400,000
Requesting O&M cost: \$480,600

A site map was distributed entitled, "College of Mines and Earth Sciences Facilities Master Plan."

g) Utah College of Applied Technology - Davis ATC Entrepreneurial Building

Mike Bouwhuis, Campus President, explained that the purpose of this project is to provide support for entrepreneurial efforts within the region served by DATC. The building will provide incubator space for emerging business ventures, allowing them to utilize the various aspects of business operations, thus facilitating their growth.

Mr. Bouwhuis stated that Roy Simmons is the major donor, and the building will be named for him. Rep. D. Clark stated that he felt it was a fitting tribute to Mr. Simmons.

The ATC is not requesting State funding and is hoping for construction to begin this summer.

Rep. Barrus expressed his enthusiasm for this project and stated that he felt it would soon double in size and impact.

h) UCAT - Southeast ATC Blanding Building

Miles Nelson, Campus President, presented this project. He stated that it is anticipated that this will be the first of four phases that will be required to meet long-term needs. In addition to land and other in-kind donations, funding for this project consists of \$100,000 that SEATC has accumulated in its Building Trades program and \$100,000 that is being requested from the CIB.

Mr. Nelson stated that the Department of Workforce Services has identified San Juan County as having the highest levels of poverty and unemployment in the State. The ATC programs are essential to address these problems.

i) UCAT - Mountainland Applied Technology College - Pacific Avenue - American Fork Lease-Purchase Acquisition

Robert O. Brems, Campus President, presented this project. He stated that the College is seeking approval to ensure transition in entering into a lease-purchase agreement with Alpine School District for the acquisition of the Pacific Avenue Applied Technology Facility. He explained that there is no downside to this request and that it will be less costly to the college than its current lease on the same property.

j) Utah National Guard - Total Army School System (TASS) Barracks

Mr. Walthers introduced this project and stated that it will construct new barracks facilities to house soldiers attending training at Camp Williams. The construction on this project will be funded entirely with federal funds.

Keith Stepan and Ken Nye, Deputy Director, DFCM, explained the project.

Co-Chair Evans asked Subcommittee members what procedure they wished to use to determine funding priorities. Several options were discussed. The Capitol renovation project funding was discussed. The Analyst stated that phase funding is not popular but is the only option for funding the Capitol renovation.

MOTION: Rep. S. Clark moved to ask the Co-Chairs to bring a list to the Subcommittee that would eliminate the projects that would have no support for funding. Projects could be put back on the list with just one vote.

Mr. Walthers suggested the preparation of a priority list and motions could be made to add or delete projects.

SUBSTITUTE MOTION: Rep. D. Clark moved to prioritize projects one through five and give to the Analyst to prepare a composite rating.

The motion passed unanimously with Sen. Dmitrich absent at the time of voting.

MOTION: Rep. Becker moved to adjourn the meeting.

The motion passed unanimously with Sen. Dmitrich absent at the time of voting.

The meeting was adjourned at 5:05 p.m. by Co-Chair Evans.

The minutes were reported by Bonnie Brinton, Secretary.

Sen. Beverly Evans
Committee Co-Chair

Rep. Loraine T. Pace
Committee Co-Chair